

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

FEDERAL TRADE COMMISSION,)	
)	
Plaintiff,)	
)	
v.)	Civil Action No. 05 C 6485
)	
MARK E. SHELTON,)	Judge Wayne R. Andersen
)	
WHOLESALE MARKETING GROUP, LLC,)	Magistrate Judge Keys
)	
)	
WHOLESALE MARKETING GROUP, INC.,)	
)	
JEREMY WILSON, individually and doing business as)	
PURE HOME AIR PROFITS,)	
)	
ROBERT M. GOMEZ,)	
)	
LUIS D. AVILES, and)	
)	
CARL J. SHELTON, JR.,)	
Defendants, and)	
)	
MARIANNE SHELTON,)	
)	
JULIE SHELTON, and)	
)	
M. EDWARD SHELTON HYPNOTHERAPY, LLC,)	
)	
Relief Defendants.)	

**FIRST AMENDED COMPLAINT FOR INJUNCTIVE AND
OTHER EQUITABLE RELIEF**

Plaintiff, the Federal Trade Commission ("FTC" or "Commission"), alleges as follows:

1. Plaintiff FTC brings this action under Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b), to secure temporary, preliminary, and

permanent injunctive relief, restitution, rescission of contracts, disgorgement of ill-gotten gains, and other equitable relief against Defendants for engaging in deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

JURISDICTION AND VENUE

2. This Court has subject matter jurisdiction over the FTC's claims pursuant to 15 U.S.C. §§ 45(a) and 53(b), and 28 U.S.C. §§ 1331, 1337(a), and 1345.

3. Venue in the Northern District of Illinois is proper under 15 U.S.C. § 53(b) and 28 U.S.C. § 1391(b) and (c).

PLAINTIFF

4. Plaintiff, Federal Trade Commission, is an independent agency of the United States government created by statute. 15 U.S.C. §§ 41 *et seq.* The Commission is charged, *inter alia*, with enforcement of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. The FTC is authorized to initiate federal district court proceedings, through its attorneys, to enjoin violations of the FTC Act, and to secure such other equitable relief as may be appropriate in each case, including rescission of contracts, disgorgement of ill-gotten gains, and restitution for consumers. 15 U.S.C. § 53(b).

5. Defendant Mark E. Shelton ("Shelton"), acting alone or in concert with others, has formulated, directed, controlled, or participated in the acts and practices of Wholesale Marketing Group, LLC, Wholesale Marketing Group, Inc., and the unregistered entity known as Pure Home Air Profits, including the acts and practices set forth in this Complaint. Shelton resides in the Northern District of Illinois, where he transacts or has transacted business.

6. Defendant Wholesale Marketing Group, LLC ("WMG, LLC"), is a New York

limited liability company with a registered address at 130 Church Street, #125, New York, New York 10007 and a principal place of business at 828 Justina St., Hinsdale, Illinois, 60521.

WMG, LLC advertises, promotes, offers for sale, and sells work-at-home opportunities. WMG, LLC transacts or has transacted business in the Northern District of Illinois.

7. Wholesale Marketing Group, Inc. ("WMG, Inc.") is a corporation registered in Nevada with a registered address at 3540 W. Sahara Avenue, Las Vegas, Nevada 89102 and a principal place of business at 828 Justina St., Hinsdale, Illinois, 60521. WMG, Inc. advertises, promotes, offers for sale, and sells work-at-home opportunities. WMG, Inc. transacts or has transacted business in the Northern District of Illinois.

8. Defendant Jeremy Wilson ("Wilson") is an individual doing business as Pure Home Air Profits, an unregistered entity with an address at 2205 South Wolf Road, No. 270, Hillside, Illinois, 60162, and a principal place of business at 828 Justina St., Hinsdale, Illinois, 60521. Acting alone or in concert with others, Wilson has formulated, directed, controlled, or participated in the acts and practices of WMG, LLC, WMG, Inc., and Pure Home Air Profits, including the acts and practices set forth in this Complaint. Wilson resides in the Northern District of Illinois, where he transacts or has transacted business.

9. Defendant Robert M. Gomez ("Gomez") is an officer, owner, principal, and/or partner of WMG, LLC and WMG, Inc. Acting alone or in concert with others, Gomez has formulated, directed, controlled, or participated in the acts and practices of WMG, LLC, WMG, Inc., and Pure Home Air Profits, including the acts and practices set forth in this Complaint. Gomez resides in the Northern District of Illinois, where he transacts or has transacted business.

10. Defendant Luis D. Aviles ("Aviles") is an officer, owner, principal, and/or partner

of WMG, LLC and WMG, Inc. Acting alone or in concert with others, Aviles has formulated, directed, controlled, or participated in the acts and practices of WMG, LLC, WMG, Inc., and Pure Home Air Profits, including the acts and practices set forth in this Complaint. Aviles resides in the Northern District of Illinois, where he transacts or has transacted business.

11. Defendant Carl J. Shelton Jr. is Shelton's father and a former officer of WMG, Inc. Acting alone or in concert with others, Carl J. Shelton Jr. has formulated, directed, controlled, or participated in the acts and practices of WMG, Inc., including the acts and practices set forth in this Complaint. Carl J. Shelton Jr. resides in the Northern District of Illinois, where he transacts or has transacted business.

12. All of the foregoing Defendants ("Defendants") operate together as a common business enterprise.

13. Relief Defendant Marianne Shelton is Shelton's mother. Individually or jointly with others, she has received funds and other property that were derived unlawfully from payments by consumers as a consequence of the acts and practices complained of herein. Marianne Shelton has no legitimate claim to these funds. Marianne Shelton resides in the Northern District of Illinois.

14. Relief Defendant Julie Shelton is Shelton's wife. Individually or jointly with others, she has received funds and other property that were derived unlawfully from payments by consumers as a consequence of the acts and practices complained of herein. Julie Shelton has no legitimate claim to these funds. Julie Shelton resides in the Northern District of Illinois.

15. Relief Defendant M. Edward Shelton Hypnotherapy, LLC ("Shelton Hypnotherapy") is an Illinois limited liability company with a registered address at 1018 Sean

Circle, Darien, Illinois 60561 and a principal place of business at One Westbrook Corporate Center, Suite 300, Westchester, IL 60154. Shelton Hypnotherapy has received funds and other property that were derived unlawfully from payments by consumers as a consequence of the acts and practices complained of herein. Shelton Hypnotherapy has no legitimate claim to these funds. Shelton Hypnotherapy transacts or has transacted business in the Northern District of Illinois.

COMMERCE

16. At all times material to this Complaint, Defendants' course of trade has been in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

DEFENDANTS' BUSINESS PRACTICES

17. Since at least September 2004, with respect to Pure Home Air Profits, December 2004 with respect to WMG, LLC, and at least March 2005 with respect to WMG, Inc. (WMG, LLC and WMG, Inc. are collectively "Wholesale Marketing"), Defendants have offered for sale and sold envelope stuffing/brochure mailing opportunities to consumers throughout the United States. Defendants have promoted their employment opportunities to prospective purchasers through classified advertisements in newspapers and via a website, www.AsSeenOnTVMailers.com.

18. Defendants run substantially similar classified advertisements for both Pure Home Air Profits and Wholesale Marketing, making claims such as:

\$600 PER WEEK possible mailing our simple postcards from home.
Supplies & Training provided. Genuine opportunity.
FT/PT for FREE Information Package.
Call (708) 231-7373 (24 hour recording).

19. Consumers who call the telephone numbers listed in the classified ads are connected to a recorded message that instructs the consumer to leave a name and address.

20. Defendants then typically mail those consumers a form letter in the name of Pure Home Air Products or Wholesale Marketing.

PURE HOME AIR PROFITS

21. In the initial form letters sent under the name Pure Home Air Profits, Defendants typically make claims such as:

**EARN \$212.50 TO \$1,062.50 AND MORE WEEKLY!
WE NEED YOU TO FOLD AND MAIL OUR
PROMOTIONAL GIFT CERTIFICATES IMMEDIATELY!!**

We have selected you to be one of our new promotional gift certificate mailers. You will earn from \$212.50 to \$1062.50 every week and your check is mailed to you promptly *every* Wednesday. If you accept our offer today, your first check can be in your hands in approximately ten days time.

. . . We have so much work on hand that we're paying home workers \$4.25 for each certificate stuffed and returned to us as per our instructions. *Plus, you will also receive a FREE \$1,000.00 Shopping Spree to use for yourself.*

There is *no limit* to the number of gift certificates that you can stuff and mail for our company. When we receive 50 certificates mailed out by you, we'll pay you \$212.50. When we receive 100 certificates, we'll pay you \$425.00. When we receive 150 certificates, we'll pay you \$637.50. When we receive 250 certificates, we'll pay you \$1,062.50 and so on. The more certificates you stuff and mail, the more money you'll make.

(Emphasis in original.)

22. Other initial form letters under the name Pure Home Air Profits make similar claims but offer consumers the opportunity to fold and mail promotional circulars instead of gift certificates.

23. Defendants typically promise in the initial letter that postage costs are

reimbursable and that no advertising or selling is required.

24. In the initial letter, Defendants ask consumers to pay a fee ranging from \$65.00 to \$175.00 to “register” for various earnings groups, receive initial mailing materials, and be added to the company’s payroll system. For example, to register for “Earnings Group 1,” the consumer pays \$50.00 plus \$15.00 postage and receives 50 sets of mailing envelopes, inserts, and address labels, for earnings of \$212.50. For “Earnings Group 4,” the consumer pays \$160.00 plus \$15.00 postage for a package of 250 mailing sets, and earnings of \$1,062.50. All fee groups promise a “\$1,000.00 bonus.”

25. Defendants further claim in some initial mailings that consumers will receive \$10.00 in advance for each certificate or brochure that they mail.

26. After consumers pay for these registration packets and mailing materials, many receive no response from Defendants. Others receive a follow-up mailing that reveals that, contrary to Defendants’ initial claims, consumers will not be paid by Pure Home Air Profits for each brochure mailed. Instead, the consumer will earn money only on a commission basis, by selling gift certificates, ladders, or other products featured in the brochures to other consumers. The letter further encourages the consumer to sell the products by placing advertisements in newspapers or distributing flyers. Contrary to the earlier claims, no advance payment is included. In addition, the promised “\$1,000.00 bonus” is a purported “gift certificate” for merchandise.

27. In the follow-up letter that reveals that consumers will be paid only on a commission basis, Defendants typically claim that consumers who mail out Defendants’ materials are still likely to earn a substantial amount of money, such as “\$7,000+ monthly,”

because of the currency of Defendants' mailing lists and the popularity of the proffered goods or services.

28. In truth and fact, many of those consumers who attempt to mail out Defendants' materials for Pure Home Air Profits learn that most of the address labels are invalid. Few, if any, consumers earn the substantial income promised by Defendants.

WHOLESALE MARKETING

29. Defendants have operated a scheme, substantially similar to that described in Paragraphs 21 to 28, under the name Wholesale Marketing.

30. Defendants typically make an initial sales pitch to consumers for Wholesale Marketing either in a letter sent to consumers who leave a telephone message in response to their classified ads, or on their website www.AsSeenOnTVMailers.com.

31. In the initial letter and the website for Wholesale Marketing, Defendants make claims such as:

**EARN \$275.00 TO \$1,250.00 AND MORE WEEKLY!! WE NEED YOU TO FOLD AND
MAIL OUR PROMOTIONAL CIRCULARS IMMEDIATELY!!**

* * *

**Earn \$5.00 average for each circular you mail! Plus Postage Reimbursement!
Period! No quotas! No tricks!**

* * *

**YOU COULD BE EARNING BIG PAYCHECKS WITHIN TWO WEEKS . . . IF
YOU ACT NOW!!**

**Congratulations Friend, We have selected you to be one of our new promotional
circular mailers. You will earn from \$275.00 to \$1,250.00 every week and your
checks are mailed to you promptly every week. If you accept our offer today,
your first check will be in your hands in approximately ten days time.**

* * *

You do NOT need to sell anything to be paid \$5.00 per letter or to receive the \$1,000

FREE BONUS.

Your only job is to fold our special advertising circulars that we will send you, seal them, apply a pre-addressed customer mailing label, and then mail them out to receive \$5.00 each payment!

(Emphasis in original)

32. In an earnings scheme substantially similar to that described in Paragraph 24 with respect to Pure Home Air Profits, Wholesale Marketing asks consumers to pay a fee, ranging from \$70.00 to \$175.00, to “register” for various earnings groups, receive initial mailing materials, and be added to the company’s payroll system, for earnings ranging from \$275.00 to \$1,250.00. All earnings groups promise a “\$1,000.00 bonus.”

33. After consumers pay for these registration packets and mailing materials, many receive no response from Defendants. Others receive a follow-up mailing that reveals that, contrary to Defendants’ initial claims, consumers will not be paid by Wholesale Marketing for each brochure mailed. Instead, the consumer will earn money only on a commission basis by selling products featured in the brochures to other consumers. Contrary to the earlier claims, there is no postal reimbursement. In addition, the promised “\$1,000.00 bonus” is a purported “gift certificate” for merchandise.

34. In the follow-up letter that reveals that consumers will be paid only on a commission basis, Defendants typically claim that consumers who mail out Defendants’ materials for Wholesale Marketing are still likely to earn a substantial amount of money, such as “100 sales monthly or \$5,000.00” because of the currency of Defendants’ mailing lists and the popularity of the proffered goods or services.

35. In truth and fact, many of those consumers who attempt to mail out Defendants’

materials for Wholesale Marketing learn that most of the address labels are invalid. Few, if any, consumers earn the substantial income promised by Defendants.

VIOLATIONS OF SECTION 5 OF THE FTC ACT

36. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits unfair or deceptive acts or practices in or affecting commerce.

37. As set forth below, Defendants, individually or in concert with others, have violated Section 5(a) of the FTC Act in connection with the advertising, offering for sale, or sale of work-at-home opportunities.

COUNT I

38. In numerous instances, in the course of offering for sale a purported work-at-home opportunity, Defendants represent, expressly or by implication, that consumers who purchase Defendants' purported work-at-home opportunity are likely to earn a substantial amount of money, such as \$600.00 or \$2000.00 per week.

39. In truth and fact, consumers who purchase Defendants' purported work-at-home opportunity are not likely to earn a substantial amount of money, such as \$600.00 or \$2000.00 per week.

40. Therefore, Defendants' representations, as set forth in Paragraph 38, are false and deceptive in violation of Section 5 of the FTC Act, 15 U.S.C. § 45.

COUNT II

41. In numerous instances, in the course of offering for sale a purported work-at-home opportunity, Defendants represent, expressly or by implication, that consumers who purchase Defendants' purported work-at-home opportunity will earn a specified amount of

money, such as \$4.25 or \$10.00, for each envelope or brochure mailed by the consumers.

42. In truth and fact, Defendants do not pay consumers specified amounts of money, such as \$4.25 or \$10.00, for each envelope or brochure mailed by the consumers.

43. Therefore, Defendants' representations, as set forth in Paragraph 41, are false and deceptive in violation of Section 5 of the FTC Act, 15 U.S.C. § 45.

COUNT III

44. In numerous instances, in the course of offering for sale a purported work-at-home opportunity, Defendants represent, expressly or by implication, that consumers who purchase Defendants' purported work-at-home opportunity will not be required to sell any products or services to earn money.

45. In truth and fact, consumers who purchase Defendants' purported work-at-home opportunity are required to sell products or services to earn money.

46. Therefore, Defendants' representations, as set forth in Paragraph 44, are false and deceptive in violation of Section 5 of the FTC Act, 15 U.S.C. § 45.

CONSUMER INJURY

47. Consumers throughout the United States have suffered, and continue to suffer, substantial monetary loss as a result of Defendants' unlawful acts and practices. In addition, Defendants have been unjustly enriched as a result of their unlawful acts and practices. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the public interest.

THIS COURT'S POWER TO GRANT RELIEF

48. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant injunctive and such other relief as the Court may deem appropriate to halt and redress violations

of the FTC Act. The Court, in the exercise of its equitable jurisdiction, may award other ancillary relief, including but not limited to, rescission of contracts and restitution, and the disgorgement of ill-gotten gains, to prevent and remedy injury caused by Defendants' law violations.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Federal Trade Commission, pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), and the Court's own equitable powers, requests that this Court:

1. Award plaintiff such preliminary injunctive and ancillary relief as may be necessary to avert the likelihood of consumer injury during the pendency of this action and to preserve the possibility of effective final relief, including, but not limited to, a temporary restraining order, preliminary injunction, and an asset freeze;
2. Permanently enjoin Defendants from violating the FTC Act as alleged herein;
3. Award such relief against Relief Defendants Marianne Shelton, Julie Shelton, and Shelton Hypnotherapy that the Court finds necessary to protect and return funds and other property that were derived from Defendants' violations of Section 5(a) of the FTC Act, including an order to disgorge all ill-gotten gains that they have received as a result of the acts and practices complained of herein; and
4. Award such equitable relief as the Court finds necessary to redress injury to consumers resulting from the Defendants' violations of Sections 5(a) and 12 of the FTC Act, including but not limited to, rescission of contracts and restitution, and the disgorgement of ill-gotten gains by the Defendants and Relief Defendants; and
5. Award Plaintiff the costs of bringing this action and such other equitable relief as the Court may determine to be just and proper.

Dated: April _____, 2006

Respectfully Submitted,

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